GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:3623
ANSWERED ON:07.12.2016
Recession in IT Sector
Chandumajra Shri Prem Singh;Patel Shri Devji Mansingram

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

Will the Minister of Electronics & Information Technology be pleased to state: -
(a) whether recession has been noticed in the Information Technology Industry and Indian IT companies are immensely affected in the country as well as abroad and employment generation is also declining in the industry;
(b) if so, the details thereof and the reasons therefor;
(c) whether the Government has planned to pump huge investment in the IT sector during the year 2016;
(d) if so, the details thereof and the target achieved in this regard so far along with the details of investment made in 2016 as compared to the previous year;
(e) whether automation has taken place in IT sector as a result of which lakhs of employment opportunities are likely to be lost in the near future; and
(f) if so, the details thereof and the reaction of the Government thereto?

Answer

(a) and (b): According to National Association of Software and Services Companies (NASSCOM), the impact of short-terms factors such as global, political, economic and business scenarios is slowing down the global IT spend. However, the Indian Information Technology (IT) and IT Enabled Services (ITES) industry is expected to sustain its growth rate. The total revenue of Indian IT-ITES industry is estimated at US$ 130 billion in FY 2015-16 as compared to US$ 118 billion in FY 2014-15. The Indian IT-ITES industry has been progressively contributing to the growth of exports and creation of employment opportunities. The total IT-ITES Industry export revenue (excluding hardware) is estimated at US$ 108 Billion in 2015-16, as compared to US$ 98.0 billion in 2014-15 with Year on Year (YoY) growth of 10.2 %. The direct employment in IT-ITES sector has increased from 34.8 Lakhs in 2014-15 to 36.8 Lakhs in 2015-16 with a net addition of over 2.0 Lakhs employees.

(c) and (d): The Ministry of Electronics & Information Technology (MeitY), Government of India is implementing Digital India programme. The vision of Digital India is centred on three key areas; (i) Infrastructure as a Utility to Every Citizen (ii) Governance & Services on Demand and (iii) Digital Empowerment of Citizens. The Government has been actively supporting the IT sector, being the key partner in the various flagship programmes of the Government such as Digital India, Make in India, Skill India, E-governance and Startup India. These programmes are creating an enabling eco-system for promotion of IT industry. The promotion of electronics manufacturing in the country is one of the important pillars in "Digital India" programme. The Government has notified the Modified Special Incentive Package Scheme (M-SIPS) to attract investments in Electronic System Design and Manufacturing (ESDM). The capital investments in ESDM made over a period of 10 years are considered for incentives. Till now, 243 applications involving investment proposal of ` 1,26,838 crore in various electronic sectors have been received under the scheme.

Under the Digital India programme, MeitY has incurred expenditure of `1457.33 crores in FY 2015-16 as compared to `1685.71 crores in the previous year.

(e) and (f): The technology automation has not replaced labour, but improved productivity and provided workers the time to focus on other tasks involving complex decision making and social interactions. The adoption of new technology rather creates jobs, increases productivity, and increases the demand for skilled labour. The Indian IT-ITES industry continues to be a net hirer, and provides on −the-job training. Over the next decade, Indian IT-ITES industry would continue to create jobs.
****